

Amendments to the Specification:

Please replace the abstract at page 19 with the following amended abstract:

--A sheet identifying device and method for identifying the kind of sheet or checking a sheet correctly by reducing the adverse influence of the wrinkle and stain of the sheet and of the displacement of a watermark pattern from the watermark area. A transmission optical sensor (8) images a sheet. A watermark area extracting section (12) extracts image data on a watermark area. A watermark area gravity center calculating section (13) calculates the center of gravity of the watermark area. A watermark pattern displacement calculating section (14) calculates the displacement of the watermark pattern from the center of gravity. An identification object image extracting section (15) extracts identification object image data with reference to the displacement. A scratch/stain detecting section (7) calculates the difference between the identification image data and a true template to extract an image of a scratch and stain. A pattern matching section (19) conducts pattern matching between the identification object image data corrected about the influence of the scratch and stain and the true template to identify the kind of sheet and check it.--